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FISCAL IMPACT STATEMENT

LS 7434

BILL NUMBER: SB 551

NOTE PREPARED: Jan 24, 2013

BILL AMENDED:

SUBJECT: Federal Health Care Reform.

FIRST AUTHOR: Sen. Miller Patricia

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill defines populations that may be subject to Medicaid resource requirements. It also eliminates resource requirements in determining Medicaid eligibility for specified populations.

The bill provides for implementation of the federal Patient Protection and Affordable Care Act (ACA) with respect to a health insurance exchange (HIX) in Indiana. It specifies requirements for health plans issued through a HIX.

The bill requires a navigator or an assister to be certified or registered before providing services with respect to a HIX.

The bill provides for dissolution of the Indiana Comprehensive Health Insurance Association (ICHIA).

The bill extends the deadline for FSSA to apply for a Medicaid State Plan Amendment for family planning services and supplies as allowed by the ACA.

Effective Date: Upon passage; July 1, 2013.

Summary of NET State Impact: *Medicaid Resource Standard Revision:* The bill provides that, excluding the aged, blind, and disabled population, most Medicaid eligibility categories applicable to applicants between ages 19 to 65 will have no resource test applied to determine Medicaid eligibility. The fiscal impact of this provision if any, should be a factor in the “woodwork effect” projections included in the September 18, 2012,

“Milliman Medicaid Financial Impact Analysis” and should therefore be included in the December Medicaid forecast.

The bill provides enabling language to allow the Department of Insurance (DOI) and the Family and Social Services Administration (FSSA) to adopt rules, to contract with, and to share data with a health insurance exchange (HIX). These provisions are required as a result of the implementation the ACA.

The dissolution of ICHIA would result in savings of approximately \$10.6 M in FY 2014 and \$48.85 M in FY 2015 if the current appropriation level is considered to be the baseline budget. The bill also provides that any funds remaining in ICHIA on the date of the final dissolution must be transferred to the General Fund.

The timing of the cessation of coverage under ICHIA may have an indeterminate fiscal impact on the Medicaid waiver for the Healthy Indiana Plan.

The bill also requires the establishment of a course of study, an examination, and certification and registration procedures for persons or organizations intending to act as navigators or assisters with regard to the HIX required under the ACA. This provision is required to be supported by the fees assessed on applicants.

The extension of the deadline for the application of the Medicaid State Plan amendment for family planning services may result in administrative expense necessary to update a previously submitted but unapproved State Plan amendment. FSSA should be capable of accomplishing this requirement within the current level of resources available.

Explanation of State Expenditures: The bill consists of the following major provisions:

- (1) Elimination of Medicaid resource standards for certain applicants and recipients.
- (2) Authority of the DOI and FSSA with regard to the establishment of a health insurance exchange (HIX).
- (3) Registration and certification requirements for HIX navigators.
- (4) Dissolution of the Indiana Comprehensive Health Insurance Association (ICHIA).
- (5) Elimination of the 6-month waiting period for the Healthy Indiana Plan for former ICHIA participants.
- (6) Extension of the deadline for the submission of a Medicaid Family Planning State Plan Amendment.

Revision of the Medicaid Resource Standard: In accordance with provisions of the ACA, the bill eliminates a provision allowing resource standards for pregnant women and specifies that resource standards may be applied to recipients and applicants that are aged, blind, or disabled, SSI-eligible, a person meeting level-of-care requirements and applying for long-term care services, or an individual applying for Medicare cost-sharing assistance. Most other eligibility categories between ages 19 and 65 will have no resource test applied. This provision of the ACA is intended to streamline the Medicaid application and eligibility determination process and is based on the assumption that the majority of low-income persons who earn less than the income eligibility standards do not have assets that would enable them to pay for health care. The fiscal impact of this provision if any, should be included in the September 18, 2012, “Milliman Medicaid Financial Impact Analysis” as part of the “woodwork effect” and should therefore also be included in the December Medicaid forecast.

Oversight of Insurance Offered on the HIX: The bill specifies the Department of Insurance would provide oversight of insurance products provided through the HIX. The ACA specifies that all insurance offered on the HIX must meet state insurance requirements as well as federal provisions. The bill also allows the DOI to enter

into contracts with a HIX for the performance of necessary functions and to share information necessary to implement the HIX. The workload of the DOI will increase with the implementation of the federally facilitated exchange as a requirement of the ACA.

Registration and Certification of Navigators and Assistors: The bill also requires that individuals or organizations intending to act as navigators or assistors in Indiana under the provisions of the ACA must meet state certification and registration requirements for HIX navigators or assistors. (Federal rules implementing the HIX specify that in order to receive a Navigator grant, individuals or entities must meet any licensing, certification, or other standard prescribed by the state or the HIX, if applicable.) The DOI, in consultation with FSSA, is required to develop a curriculum for a required course of study and an examination that will be required for the certification of navigators and assistors. The bill also requires development of continuing education requirements for ongoing certification and for a process for an insurance producer or consultant to qualify to be designated as a navigator or assister. The development of the certification and registration program will impact the workload of the DOI; however, the DOI is required to collect fees sufficient to cover the expense of the implementation of the certification and registration program. The DOI will need to promulgate rules to establish the requirements of the navigator and assister certifications and registration requirements. Rule-making is considered to be a core activity of agencies and should be able to be accomplished within the current level of resources available.

Dissolution of ICHIA: As a result of the ACA and its elimination of preexisting conditions exclusions, limitation of annual and lifetime caps, and the inability to reject applicants due to health conditions, the ICHIA program is no longer necessary. There will no longer be a need to operate the high-risk ICHIA program after coverage for insurance sold on the HIX becomes effective January 1, 2014. The bill requires the corporation to submit a plan of dissolution and specifies items that must be included in the plan. The DOI is responsible for approval of the dissolution plan. The termination of the ICHIA program is not a requirement of the ACA - it is no longer necessary because of the ACA.

The dissolution of ICHIA will require ICHIA participants to transition to qualified insurance products sold on the HIX. (These products are projected to cost less than the coverage offered under ICHIA.) The ICHIA General Fund appropriation for the current biennium is \$97.7 M. The corporation has prepared a plan for termination and transition of participants, which is included in the FY 2014 - FY2015 budget request. The ICHIA has requested \$38.25 M for the upcoming biennial budget to pay the remaining projected incurred claims tail, and to discontinue other activities managed by the program. If the current appropriation level is considered to be the baseline budget, the repeal would result in savings of approximately \$10.6 M in FY 2014 and \$48.85 M in FY 2015. The bill also provides that any funds remaining in the ICHIA on the date of the final dissolution must be transferred to the General Fund.

Termination of ICHIA Coverage Effect on Healthy Indiana Plan (HIP): The bill contains a provision that would eliminate coverage under the ICHIA program on November 30, 2013, leaving approximately 7,400 high-risk ICHIA participants without insurance coverage for one month before the coverage under policies sold on the HIX would be effective. The bill would allow former ICHIA participants who no longer have coverage to be eligible for HIP for one month until December 31, 2013. This provision would allow ICHIA participants meeting the income eligibility and other requirements of the HIP Medicaid waiver to receive coverage. The provision would require a waiver amendment to be submitted to CMS and approved in order to receive the federal matching funds for this population, which is likely to be small.

Explanation of State Revenues: The DOI is required to collect from navigator and assister applicants for

certification, registration, and renewal fees sufficient to cover the costs of implementing a prescribed course of study, an examination, and continuing education requirements. [See *Explanation of State Expenditures* above.]

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOI; ICHIA; FSSA.

Local Agencies Affected:

Information Sources: Douglas Stratton, ICHIA Executive Director; Logan Harrison, DOI; Seema Verma, Indiana State Health Care Reform Lead, FSSA; “General Guidance on Federally-Facilitated Exchanges”, Center for Consumer Information and Insurance Oversight, CMS; Federal Register/Vol. 77, No. 59, March 27, 2012, Section 155.210 and Section 155.220.

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